

**IOWA FINANCE AUTHORITY  
BOARD MEETING MINUTES**

**Iowa Historical Building  
600 E. Locust Street  
Des Moines, Iowa**

**February 7, 2007**

**BOARD MEMBERS PRESENT**

Vince Lintz, Chair	Roger Caudron
Carmela Brown, Treasurer (via telephone)	Heather Kramer
Steve Adams (via telephone)	Douglas Walter
Virginia Bordwell	

**STAFF MEMBERS PRESENT**

Bret Mills, Executive Director	Shawna Lode, Communications Director
Lori Beary, Community Development Director	Loyd Ogle, Director of Title Guaranty Division
Roger Brown, Housing Programs Compliance Director	Carla Pope, Director of Affordable Rental Production
Mickey Carlson, Single-Family Program Manager	Lyle Schwery, Homeless Programs Coordinator
Mark Fairley, Finance & Investment Manager	James Smith, CFO/Deputy Director
Steven Harvey, Director of Operations	Mark Thompson, General Counsel
Craig Johnson, Underwriter	Nancy Wallis, Administrative Assistant
Joseph Jones, Director of Government Relations	

**OTHERS PRESENT**

Kristi Boyce – Wells Fargo Bank Iowa, NA	David Grossklaus – Dorsey & Whitney Law Firm
John Bunz – Ahlers & Cooney Law Firm	Jina Lilly – State Treasurer's Office
Bob Burns – Burns & Burns, L.C.	Derek McGreal - UBS
Jim Conlin – Conlin Properties	Lorry Palacios - UBS
Joni DeVries – Wells Fargo Bank Iowa, NA	

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**CALL TO ORDER**

Chair Lintz called to order the February 7, 2007, regular meeting of the Iowa Finance Authority (IFA) Board of Directors at 11:08 a.m. Roll call was taken and a quorum was established with the following members present: Lintz, Adams, Bordwell, Brown, Caudron, Kramer and Walter.

**REVIEW AND APPROVAL OF MINUTES**

**January 10, 2007**

Chair Lintz introduced the minutes of the January 10, 2007, regular meeting of the IFA Board of Directors.

MOTION: On a motion by Ms. Brown and a second by Ms. Kramer, the Board unanimously approved the minutes of the January 10, 2007, Board meeting.

## **ADMINISTRATION / MANAGEMENT REPORT**

Mr. Mills announced that IFA's FirstHome Program had a record year in 2006 with more than 3,000 loans purchased for a total of more than \$255 million.

Mr. Mills introduced Mr. Derek McGreal and Ms. Lorry Palacios from UBS. He said Mr. McGreal and Ms. Palacios would be presenting a bond training session for Board and staff at IFA's office following the Board meeting.

## **LEGAL / REGULATORY**

### **Waiver Request for Low-Income Housing Tax Credits #06-13, Irving Point**

Mr. Thompson summarized the facts of the case, stating that in the 2006 funding round of Low-Income Housing Tax Credits (LIHTC), IFA awarded all available tax credits. He said that Irving Point, being the last project, was offered approximately \$17,000 less than requested. Mr. Thompson reminded the Board that the Qualified Allocation Plan (QAP) states that in such situations, the Ownership Entity may either (1) accept the partial tender of Tax Credit or (2) be placed on a waiting list for the full amount of the requested Tax Credit. He stated that at the time of the awards, Irving Point, L.P. accepted the partial tender, but now seeks to be placed on the waiting list for additional credits.

Mr. Thompson said that last month Mr. Burns agreed to reduce the size of the project so it could be completed with the amount of tax credits originally awarded. He said that although the total size of the project can be reduced, the QAP does not allow a reduction in the number of units.

Following a detailed discussion by Board and staff, a motion was made.

MOTION: Mr. Caudron made a motion to approve the waiver request subject to the restoration of the project to its original size, and to place the project on the waiting list beneath Fairfield I and II. On a second by Mr. Walter, a roll call vote was taken, with the following results: YES: Caudron, Kramer and Walter; NO: Adams, Bordwell, Brown and Lintz. Due to lack of a majority vote, the motion failed, resulting in no waiver being granted.

## **FINANCE AND ACCOUNTING**

### **Review of Financial Statement**

Mr. Harvey reported that year-to-date expenses are unfavorable to budget due to additional loss reserves for one project and additional performing loan reserves for multifamily loans closed in the second quarter. He said staff will review IFA's Reserves for Loan Loss Policy and will most likely come to the Board in the near future with changes and additions to that policy. Mr. Harvey stated that a summary of delinquent loans was included on page 10 of the Financial Results. He noted that the majority of IFA's loans are performing loans and that IFA as a housing agency is still strong and stable.

Chair Lintz requested that the Board be provided a summary of loans on a quarterly basis.

### **Approval of December 2006 Financial Statement**

**MOTION:** On a motion by Ms. Brown and a second by Ms. Bordwell, the Board unanimously approved the December 2006 Financial Statements.

### **Reimbursement Resolution for the State Revolving Fund (SRF)**

Mr. Smith introduced the reimbursement resolution authorizing the use of existing cash balances in the SRF to fund loans, and then within 18 months, issue bonds to reimburse the funds that were used. Mr. Smith made mention of three wording changes in Section 3 and Section 4 of page 2, which will be made on the final version of the resolution, subject to approval by the Board.

**MOTION:** Ms. Bordwell made a motion to approve the resolution providing for reimbursement of certain costs for the Iowa Water Pollution Control Works Financing Program and the Iowa Drinking Water Facilities Financing Program. On a second by Mr. Adams, the Board unanimously approved the resolution.

## **ECONOMIC DEVELOPMENT LOAN PROGRAM**

### **ED Loan #06-27, Boys and Girls Home and Family Services, Inc. Project**

Ms. Beary asked the Board to hold a public hearing regarding the issuance of an amount not to exceed \$4,000,000 of Iowa Finance Authority Community Provider Revenue Refunding Bonds for the Boys and Girls Home and Family Services, Inc. Project in Sioux City. She said the bonds will be used for working capital. Ms. Beary noted that the Board held a public hearing for this project in January, but a second public hearing is required because the use of funds for working capital was omitted from the prior public hearing notice. She said the project will not require Private Activity Bond Cap.

**Public Hearing:** Chair Lintz opened the public hearing at 11:38 a.m. regarding the issuance of an amount not to exceed \$4,000,000 of Iowa Finance Authority Community Provider Revenue Refunding Bonds for the Boys and Girls Home and Family Services, Inc. Project in Sioux City. Ms. Beary said IFA had received no written or verbal comments regarding the project. There being no comments from the audience, Chair Lintz closed the public hearing at 11:37 a.m.

Ms. Beary introduced the resolution amending the authorizing resolution for the Boys and Girls Home and Family Services, Inc. Project in Sioux City that was adopted at the January 10, 2007, meeting. She said the resolution increases the amount of the bonds to \$26,000,000 to include the \$4,000,000 for working capital.

### **RESOLUTION #06-27B-1**

**MOTION:** Mr. Caudron made a motion to approve the resolution amending the resolution authorizing the issuance of not to exceed \$22,000,000 Iowa Finance Authority Community Provider Revenue Refunding Bonds (Boys and Girls Home and Family Services, Inc. Project) (the "Bonds"), for the purpose of making a loan to assist the borrower in refunding certain bonds issued for the benefit of the Borrower and to provide for working capital for the Borrower and its affiliates, authorizing the execution and delivery of certain financing documents pertaining to the project, authorizing an assignment of certain financing documents for further securing the payment of the bonds, authorizing the sale of the bonds, and related matters. On a second by Mr. Walter, the Board unanimously approved Resolution #06-27B-1.

### **ED Loan #06-25, Randy and Ronnie Hunt Partnership Project**

Ms. Beary asked the Board to hold a public hearing regarding the issuance of an amount not to exceed \$3,500,000 of Iowa Finance Authority Solid Waste Disposal Revenue Bonds for the Randy and Ronnie Hunt Partnership Project in Salix, Woodbury County. She stated the bonds will be used for a manure management system for a dairy facility. Ms. Beary said the project will require private activity bond cap.

Public Hearing: Chair Lintz opened the public hearing at 11:40 a.m. regarding the issuance of an amount not to exceed \$3,500,000 of Iowa Finance Authority Solid Waste Disposal Revenue Bonds for the Randy and Ronnie Hunt Partnership Project in Salix. Ms. Beary said IFA had received no written or verbal comments regarding the project. There being no comments from the audience, Chair Lintz closed the public hearing at 11:41 a.m.

Ms. Beary introduced the resolution authorizing the issuance of not to exceed \$3,500,000 Iowa Finance Authority Solid Waste Disposal Revenue Bonds (Randy and Ronnie Hunt Partnership Project) to be used for a manure management system for a dairy facility. She noted that the application and inducement resolution were approved at the November 1, 2006, Board meeting.

### **RESOLUTION #06-25B**

MOTION: Mr. Caudron made a motion to approve the resolution authorizing the issuance of not to exceed \$3,500,000 Iowa Finance Authority Solid Waste Disposal Revenue Bonds (Randy and Ronnie Hunt Partnership Project), for the purpose of making a loan to assist the borrower in the acquisition, construction and equipping of a project; authorizing the execution and delivery of certain financing documents pertaining to the project; authorizing an assignment of certain financing documents for further securing the payment of the bonds; authorizing the sale of the bonds; authorizing the appointment of a trustee; and related matters. On a second by Ms. Bordwell, the Board unanimously approved Resolution #06-25B.

### **ED Loan #06-28, CHF - Des Moines, LLC Project**

Ms. Beary asked the Board to hold a public hearing regarding the issuance of an amount not to exceed \$38,000,000 of Iowa Finance Authority Variable Rate Demand Student Housing Revenue Bonds for CHF - Des Moines, LLC Project at Drake University. She stated that CHF stands for Collegiate Housing Foundation, a non-profit 501(c)(3) organization that assists colleges and universities in providing student and faculty housing. Ms. Beary noted that the bonds will be used to construct a 457-bed student housing community on the Drake University campus. She said the project will not require private activity bond cap.

### **Public Hearing**

Chair Lintz opened the public hearing at 11:43 a.m. regarding the issuance of an amount not to exceed \$38,000,000 of Iowa Finance Authority Variable Rate Demand Student Housing Revenue Bonds for CHF - Des Moines, LLC Project at Drake University. Ms. Beary said IFA had received no written or verbal comments regarding the project. There being no comments from the audience, Chair Lintz closed the public hearing at 11:44 a.m.

Ms. Beary introduced the authorizing resolution for \$38,000,000 of Iowa Finance Authority Variable Rate Demand Student Housing Revenue Bonds for CHF - Des Moines, LLC Project at Drake University. She distributed a revised resolution, noting a minor change in the third line on page 3, where "12% per annum" is changed to "15% per annum." Ms. Beary said the application and inducement resolution were approved at the January 10, 2007, Board meeting.

**RESOLUTION #06-28B**

**MOTION:** Ms. Bordwell made a motion to approve the resolution authorizing the issuance of not to exceed \$38,000,000 Iowa Finance Authority Variable Rate Demand Student Housing Revenue Bonds (CHF-Des Moines, LLC Project), Series 2007, for the purpose of making a loan to assist the borrower in the acquisition, construction and equipping of a project; authorizing the execution and delivery of certain financing documents pertaining to the project; authorizing an assignment of certain financing documents for further securing the payment of the bonds; authorizing the sale of the bonds; authorizing the appointment of a trustee; and related matters. On a second by Ms. Brown, the Board unanimously approved Resolution #06-28B.

**ED Loan #07-01, Drake University Project**

Ms. Beary introduced an application and inducement resolution for \$23,000,000 of Iowa Finance Authority Private College Revenue Bonds for Drake University to renovate freshman residence halls. She noted the project will not require private activity bond cap.

**RESOLUTION #07-01A**

**MOTION:** Ms. Brown made a motion to approve an application for \$23,000,000 of Iowa Finance Authority Private College Revenue Bonds (Drake University Project), Series 2007, for Drake University (the “Borrower”), and evidencing the intent to proceed with the issuance of \$23,000,000 Private College Revenue Bonds. On a second by Mr. Walter, the Board unanimously approved Resolution #07-01A.

**ED Loan #07-02, Wesley Retirement Services, Inc. Project**

Ms. Beary introduced an application and inducement resolution for \$1,500,000 of Iowa Finance Authority Retirement Facility Revenue Bonds for Wesley Retirement Services, Inc. Project in Johnston to acquire an office building to be used as the corporate headquarters. She stated the project will not require private activity bond cap.

**RESOLUTION #07-02A**

**MOTION:** Mr. Caudron made a motion to approve an application for \$1,500,000 of Iowa Finance Authority Retirement Facility Revenue Bonds (Wesley Retirement Services, Inc. Project), Series 2007, for Wesley Retirement Services, Inc. (the “Borrower”), and evidencing the intent to proceed with the issuance of \$1,500,000 Retirement Facility Revenue Bonds. On a second by Mr. Adams, the Board unanimously approved Resolution #07-02A.

**ED Loan #07-03, Alternative Energy Sources Project**

Ms. Beary introduced an application and inducement resolution for \$47,000,000 of Iowa Finance Authority Solid Waste Facility Revenue Bonds for Alternative Energy Sources, Inc. Project in Boone. She said the bonds will be used for the solid waste portion of an ethanol plant. Ms. Beary noted the project will require private activity bond cap.

**RESOLUTION #07-03A**

**MOTION:** Mr. Adams made a motion to approve an application for \$47,000,000 of Iowa Finance Authority Solid Waste Facility Revenue Bonds (Alternative Energy Sources, Inc. Project), Series 2007, for Alternative Energy Sources, Inc. (the “Borrower”), and evidencing the intent to proceed with the issuance of \$47,000,000 Solid Waste Facility Revenue Bonds. On a second by Ms. Kramer, the Board unanimously approved Resolution #07-03A.

### **ED Loan #07-04, Roorda Dairy, LLC Project**

Ms. Beary introduced an application and inducement resolution for \$6,000,000 of Iowa Finance Authority Solid Waste Facility Revenue Bonds for the Roorda Dairy, LLC Project in Paullina, O'Brien County, to be used for the manure management system of a dairy farm. She noted the project will require private activity bond cap.

### **RESOLUTION #07-04A**

**MOTION:** Mr. Walter made a motion to approve an application for \$6,000,000 of Iowa Finance Authority Solid Waste Facility Revenue Bonds (Roorda Dairy, LLC Project), Series 2007, for Roorda Dairy, LLC (the "Borrower"), and evidencing the intent to proceed with the issuance of \$6,000,000 Solid Waste Facility Revenue Bonds. On a second by Ms. Bordwell, the Board unanimously approved Resolution #07-04A.

## **STATE REVOLVING FUND PROGRAM**

### **Planning and Design Loan Resolution**

Ms. Beary introduced a resolution to approve Planning and Design Loans for the cities of Mason City and Malcom, and for Poweshiek Water Association. She said the loans will be at 0 percent interest for up to three years, with the funds to be used for the planning and design phases of wastewater and drinking water infrastructure projects. Ms. Beary reported that the total for these projects is \$1,375,400. She noted that with the adoption of this resolution, IFA has approved Planning and Design Loans for 91 projects totaling \$22,120,494.

**MOTION:** On a motion by Ms. Bordwell and a second by Mr. Walter, the Board unanimously approved the Planning and Design Loan Resolution.

## **HOUSING PROGRAMS**

### **Single-Family Programs**

Ms. Carlson reported that FirstHome and FirstHome Plus volume are slightly ahead of this time last year. She also reported that the House and Senate are currently discussing the Military Service Member Homeownership Assistance Program. Ms. Carlson said IFA expects a decision soon.

### **Multifamily**

#### **Resolution – Loan to Area XV Multi-County Housing Agency**

Mr. Craig Johnson introduced the resolution for a loan to Area XV Multi-County Housing Agency, the owner of apartments in Bloomfield and Ottumwa. Mr. Johnson reported that the project, which primarily serves elderly people and people with disabilities, is in need of health- and safety-related issues in order to maintain marketability. He said the necessary improvements include new fire sprinkler systems, flooring, and paving of access and parking areas. Mr. Johnson stated that staff members are recommending a loan in an amount not to exceed \$200,000, at no interest, with a maturity of not to exceed 10 years, and with payments of principal due at the end of the term.

**MOTION:** On a motion by Ms. Bordwell and a second by Mr. Caudron, the Board unanimously approved the resolution to make a loan to Area XV Multi-County Housing Agency.

### **Homelessness Assistance Program**

#### **Resolution – Homeless Shelter Operations Grant (HSOG) Funding**

Mr. Schwery introduced a resolution that would approve a contribution of funds from IFA to the HSOG program, in an amount not to exceed \$475,000. He said that 5 percent of the Real Estate Transfer Tax is used to fund the HSOG program, and in recent years, IFA has added the necessary amount each year up to \$475,000 in order to provide a stable funding amount of approximately \$1 million each year.

Mr. Harvey said that although the resolution states that the funding comes from IFA's General Fund, he believes that is not correct. Ms. Wallis will make the change in the resolution after consulting with staff.

**MOTION:** On a motion by Mr. Walter and a second by Ms. Kramer, the Board unanimously approved the resolution allowing a contribution from IFA to fund the HSOG program for the 2008 fiscal year, subject to a change in funding source wording.

### **LEGISLATIVE**

Mr. Jones distributed a document summarizing legislation he is tracking during the session. He reported that the Military Service Member Homeownership Assistance legislation has passed the Senate with \$2 million of funding proposed. Mr. Jones said the House committee will consider the bill later in the day and he anticipates approval in the near future.

Mr. Jones stated that IFA staff made a presentation to the Economic Development Appropriations Subcommittee on January 31, and had a positive response from members of that committee.

### **TITLE GUARANTY DIVISION (TGD)**

Mr. Ogle reported that revenue in December was approximately \$399,300, which is just \$700 short of the monthly goal. He noted market professionals had predicted a drop in real estate activity this year, but he said IFA's FirstHome program continues to grow. Mr. Ogle stated that the free Owner's Certificate will be implemented on April 1, 2007.

### **COMMUNICATIONS**

Ms. Lode reported that IFA has developed a new color ad for SRF that was included in the Board packets, and a new color ad for TGD, which she distributed at the meeting. She also distributed a spreadsheet detailing marketing plans for the year, and explained that Francisco Hernandez, IFA's Marketing Specialist, has made arrangements for IFA to advertise in five Spanish-language newspapers across the state.

### **MISCELLANEOUS ITEMS**

#### **Receive Comments from General Public**

Chair Lintz opened the public comment period and asked if anyone in the audience would like to address the Board.

Mr. Bob Burns spoke as representative of Irving Point regarding the waiver request. He also presented ideas for the Board to consider when writing the 2008 QAP, and spoke briefly about the Legislative Conference in March sponsored by the National Council of State Housing Agencies.

There being no other audience members wishing to address the Board, Chair Lintz closed the public comment period.

**Overview of the Section 8 Contract Administration Program**

Mr. Mills said the presentation of Section 8 Contract Administration would be delayed until the April Board meeting due a scheduling conflict.

**ADJOURNMENT**

Chair Lintz announced that the next IFA Board meeting would convene at 10:45 a.m. on Wednesday, March 14, 2007, in the Wedgwood Room at Hotel Fort Des Moines located at 1000 Walnut Street in Des Moines.

There being no further business, on a motion by Mr. Adams and a second by Mr. Caudron, the February 7, 2007, meeting of the IFA Board of Directors adjourned at 12:24 p.m.

Dated this 14<sup>th</sup> day of March 2007.

Respectfully submitted:

Approved as to form:

Bret L. Mills  
Executive Director  
Iowa Finance Authority

Vincent Lintz, Chair  
Iowa Finance Authority